

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNIVERSITAS EDUCATION, LLC,

Judgment Creditor, :

-against- :

Case Nos. 11 CV 1590-LTS-HBP and  
11-8726-LTS

NOVA GROUP, INC., as trustee, sponsor and  
fiduciary of THE CHARTER OAK TRUST  
WELFARE BENEFIT PLAN, :

Judgment Debtor.  
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**DECLARATION OF PAULA K. COLBATH, ESQ. IN SUPPORT  
OF UNIVERSITAS' MOTION, PURSUANT TO CPLR 5240,  
TO EXTEND THE DURATION OF THE RESTRAINING NOTICES  
ISSUED TO THIRD-PARTY GARNISHEES**

**PAULA K. COLBATH**, an attorney admitted to practice law in the Courts of the  
State of New York, declares the following under penalty of perjury pursuant to 28 U.S.C.  
§ 1746:

1. I am a partner in the law firm of Loeb & Loeb LLP, attorneys for  
Universitas Education, LLC ("Universitas"), the Judgment Creditor in the above-  
captioned proceeding. I have personal knowledge of all of the following facts.

**INTRODUCTION**

2. I respectfully submit this declaration pursuant to Fed. R. Civ. P. 69(a)(1)  
and N.Y. C.P.L.R. § 5240 in support of Universitas' Motion, for an Order extending the  
expiration date of certain restraining notices served by Universitas on third-party  
garnishees, which currently are set to expire on or around August 27, 2015, until  
Universitas' Judgments against Judgment Debtors' Nova Group, Inc., Daniel Carpenter,

Grist Mill Trust Welfare Benefit Plan and any trustees and plan sponsors thereof insofar as they hold Grist Mill Trust assets (“Grist Mill Trust”), Grist Mill Capital, LLC, Grist Mill Holdings, LLC, Carpenter Financial Group, Avon Capital, LLC, Phoenix Capital Management, LLC, and Hanover Trust Company are satisfied in full. In addition, I respectfully request that the restraining notices that Universitas served on or around August 27, 2014 on the third-party garnishees remain in effect until resolution of this application.

3. Attached as **Exhibit 1** is a true and correct copy of Universitas’ June 5, 2012 Judgment.

4. Attached as **Exhibit 2** is a true and correct copy of Universitas’ August 12, 2014 Judgment.

5. Attached as **Exhibit 3** are a true and correct copies of restraining notices (without the accompanying copy of the August 2014 Judgment) served on certain third-party garnishees in or around August 27, 2014.

6. Attached as **Exhibit 4** is a true and correct copy of documents produced by Grist Mill Trust listing numerous policies owned by Grist Mill Trust and the cash values of each policy, bearing Bates numbers GMT-000277-000281.

7. Attached as **Exhibit 5** is a true and correct copy of the Third-Party Complaint filed by The Lincoln National Life Insurance Company (“Lincoln”) in *The Lincoln National Life Insurance Co. v. Universitas Education, LLC*, United States District Court for the District of Minnesota, Civ. No. 15-cv-00435 (DSD/HB) (without exhibits) (the “Minnesota Action”).

8. Attached as **Exhibit 6** is a true and correct copy of the Third-Party Complaint filed by Lincoln in *The Lincoln National Life Insurance Co. v. Universitas Education, LLC*, United States District Court for the District of Oregon, 3:15-cv-196 MO (without exhibits).

9. Attached as **Exhibit 7** is a true and correct copy of documents submitted in the Minnesota Action showing that the accumulated cash value of the two policies held by Lincoln is close to \$1 million.

10. Attached as **Exhibit 8** is a true and correct copy of the Third Party Complaint filed by The Penn Mutual Life Insurance Co. in *The Penn Mutual Life Insurance Co. v. Universitas Education, LLC*, United States District Court for the Southern District of New York, 1:15-cv-01111-AJN (without exhibits).

11. Attached as **Exhibit 9** is a true and correct copy of Grist Mill Partners, LLC's responses to Curaleaf, LLC's First Set of Interrogatories.

12. Earlier this month, third-party garnishee United States Automobile Association ("USAA"), an insurance carrier which had insured Carpenter's Moonstone property, an oceanfront vacation property in Rhode Island which Carpenter purchased with Universitas' money, disbursed over \$70,000 to Universitas for damages to the Moonstone property to Universitas. Litigation and settlement discussions continue concerning additional payments to Universitas from USAA.

13. Attached as **Exhibit 10** is a true and correct copy of bank statements from Webster Bank showing banking activity by Grist Mill Trust.

14. Attached as **Exhibit 11** is a true and correct copy of bank statements from People's United Bank, showing banking activity by some of the Judgment Debtors.

15. Attached as **Exhibit 12** is a true and correct copy of communications between Charter Oak Trust and PHL Variable (Life) Insurance Co. seeking policy status and information regarding all policies owned by Charter Oak Trust.

16. Attached as **Exhibit 13** is a copy of the Settlement Agreement between Ridgewood Finance and some of the Judgment Debtors listing insurance policies held at American National Insurance Company of New York.

17. Universitas, through its undersigned counsel, certifies pursuant to the Court's Individual Practice Rules that it has used its best efforts to informally resolve the matters raised in herein, but has not been successful. In addition, by email dated August 24, 2015, Universitas' counsel informed Judgment Debtors' counsel that it planned to come to Court and seek an order to show cause with temporary restraining order and sought Judgment Debtors' consent as to a briefing schedule. Judgment Debtors' counsel did not respond to Universitas' proposed briefing schedule.

18. No prior application for the relief sought in Universitas' Order to Show Cause with a Temporary Restraining Order has been made to this or any other Court.

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York  
August 25, 2015

  
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PAULAK COLBATH